

# FISCAL NOTE

**Bill #:** HB0448

**Title:** School Savings Fund

**Primary Sponsor:** Arntzen, E

**Status:** As Introduced

Sponsor signature	Date	David Ewer, Budget Director	Date
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## Fiscal Summary

	<b><u>FY 2006 Difference</u></b>	<b><u>FY 2007 Difference</u></b>
<b>Expenditures:</b>		
General Fund	\$630,163	\$638,505
<b>Revenue:</b>		
General Fund	\$0	\$0
<b>Net Impact on General Fund Balance:</b>	(\$630,163)	(\$638,505)

- |   |  |
|---|--|
| <input checked="" type="checkbox"/> Significant Local Gov. Impact | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget         | <input type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached          | <input type="checkbox"/> Needs to be included in HB 2  |

## Fiscal Analysis

### ASSUMPTIONS:

1. Any K-12 public school district with fund balance to reappropriate would invest that balance, up to the maximum of \$25,000, as allowed by HB 448.
2. HB 448 would allow 327 of 444 or 74 percent of all K-12 public school districts to invest a total of \$3.7 million. Of those 327 districts, 25 percent or 82 districts have enough fund balance available to invest the maximum \$25,000 allowed in HB 448. All districts that currently have fund balance reappropriated would transfer funds to the savings fund, up to the maximum of \$25,000 per year.
3. HB 448 reduces the amount of district fund balance reappropriated from \$9.99 million to \$6.27 million. This \$3.73 million reduction will no longer be available to fund the district Base budget. This will cause a corresponding increase in state Guaranteed Tax Base Aid and local levies. The school funding model was used to project the impact to the state general fund. The estimated cost is \$630,163 in FY 2006 and \$638,505 in FY 2007. The remaining portion of the \$3.73 million reduction will be funded with local property taxes.
4. HB 448 has no fiscal impact on Direct State Aid or Special Ed funding for K-12 public school districts.

**Fiscal Note Request HB0448, As Introduced**  
(continued)

FISCAL IMPACT:

	<u>FY 2006</u> <u>Difference</u>	<u>FY 2007</u> <u>Difference</u>
<u>Expenditures:</u>		
Transfers	\$630,163	\$638,505
<u>Funding of Expenditures:</u>		
General Fund (01)	(\$630,163)	(\$638,505)
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>		
General Fund (01)	(\$630,163)	(\$638,505)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

HB 448 would cause an increase to local mill levies for those districts that invest as allowed by the HB 448. The reappropriated dollars currently are used to reduce local BASE mill levies. The increase in cost to local taxpayers is estimated to be \$3.1 million per year (see assumption 3).

TECHNICAL NOTES:

A “non-budgeted” fund as provided in 20-9-201 MCA requires no budget to expend the funds. Some non-budgeted funds specify the type of expenditures that can be made with the accumulated balance such as the Technology, Impact aid or Litigation reserve funds. It is not specified in this bill the type of expenditures that can be made with this funding other than projects or purchases.